

LEVERAGE

This example was provided by John Epler, MAG Consultant...

In a discussion on leverage, a sponsor used the example of 12 computers that were donated this year to the program. She lamented that the donation could not be used for leverage in this year's grant application because the program period would not take place until 2003. In researching this, I found no reason why the donation could not be counted. The period during which the donation is received is unimportant; and the timing of when it will be used is very important. The donated computers are valid leverage items. There are two separate, but related issues.

Q *Can it be used as leverage?*

A *It can be used as leverage regardless of when it was contributed as long it will be in use during the program year in the application.*

Q *What is the value?*

A *Its value can be determined two ways. It can be determined based upon its full market value and taken as leverage once (and only once). On the other hand, if an applicant wants to keep its leverage level up over several years while it is in use, the annual rental value of the item can be taken each year it submits an application.*

The guideline is as follows:

Regardless of when a donation was made, as long as it is in the possession of the Sponsor, was not previously counted as leverage in an earlier application **and will be used in the project during the program period of the current grant request**, the value of a donated item can be included as leverage (and documented as such in a letter from the SHP program Executive Director) in one of two ways:

1. The full market value of the donated item can be taken once.
2. The annualized rental value of the item can be taken this year and each year a renewal application is submitted

As always, the determination of value needs to be reasonable and based upon some logical approach.